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Lease Agreement
7201 East Marginal Way South
Seattle, WA 98108

THIS LEASE AGREEMENT (Lease) is made under the laws of the State of Washington, this 1st Day of November by and between **Ellis Garage, LLC** ("Landlord") (The property is managed by Investment Management Holding Company "Manager"), and **CDL Recycle, LLC** ("Tenant"). The Tenant agrees to Lease from the Landlord the below-described Premises. The Landlord further leases to Tenant jointly with the other tenants of the real Property all walkways, parking areas, grounds, and outside areas of the real property. Both parties agree to the following terms and conditions:

1. Property:

- a. **Building and Property:** The Building and all property located at 7201 East Marginal Way South, Seattle, County of King, State of Washington, which property is legally described on attached Exhibit A.
- b. **Premises:** Consisting of approximately 7,700 square feet of open warehouse 10,000 square feet of open yard, 200 square feet of office space in a shared building, and shared use of the truck scale next to the office. Tenant may wire scale to its scale/processing system. The Premises are shown in the diagrams on attached Exhibit B.
- c. **Condition:** Tenant accepts the Property in as is condition, except that Landlord shall paint the ceiling of the open warehouse with a light color paint prior to November 15, 2006.

2. Business Purpose: The premises are to be used for the purpose of receiving, sorting, processing, shipping and recycling of construction, demolition and other non-hazardous waste and debris, and minor uses related to the foregoing. The Premises will not be used for any other business or purpose without the prior written consent of the Landlord.

3. Term of Lease: The term of this Lease shall commence on **November 15, 2006** and end on **June 30th 2010**. During November 2006, Tenant shall have all rights under this Lease, except that Tenant may not begin full operations receiving construction waste until December 1, 2006.

4. Rent:

- a. **Rent Defined:** Rent, as set forth in this Lease shall include all sums payable by the Tenant under this Lease. Rent shall include the Base Monthly Rent plus the NNN Monthly Charge. Rent for 2007 shall be \$5,250 plus NNN per month for 12 months; Rent for 2008 shall be \$5,408 plus NNN per month for 12 months; Rent for 2009 shall be \$5,570 plus NNN per month for 12 months; Rent for 2010 shall be \$5,737 plus NNN per month for 6 months.
- b. **Base Monthly Rent:** The initial Base Monthly Rent shall be fifty cents (\$0.50) per sq. ft. for the open warehouse and twelve cents (\$0.12) per sq. ft. for the open yard space, and one dollar (\$1.00) per foot for the office space plus NNN. Rent is payable on or before the first (1st) day of each calendar, commencing on January 1st 2007
- c. **NNN Monthly Charges:** In addition to the Base Monthly Rent and as part of the Rent, Tenant shall pay by the first day of each month the NNN charge, which is Tenant's pro rata share of insurance and real estate taxes, utilities, maintenance and services. Proration shall be based upon the square footage of the property. The monthly payment will be adjusted quarterly starting January 1, 2007 so as to reflect actual expenses for the past quarter and estimate for the new quarter. The NNN estimated charge for the first quarter of 2007 will be \$250 per month.

d. **Payment:** Tenant shall pay Landlord the Rent, and any other payments due under this Lease absolutely, without deduction or offset, in advance on or before the day specified in Paragraph 5.b., or such other date as may be specified in the Lease. Rent for any partial month at the beginning or ending of the Term shall be prorated. All rental payments shall be made by check payable to Landlord and mailed to it at the address designated by Landlord, which is noted below, or by check made payable other payee or mailed to any other address which Landlord or any successors in interest to Landlord may designate in writing. Landlord may with written notice if the Tenant is late, or in default or at any time, require payment in cash, certified or cashier's check or money order.

5. **Rent Adjustment:** The Base Monthly Rent shall be adjusted during the term of the Lease. On January 1, of each calendar year the Base Monthly Rent shall be increased as set forth in Section 4 above.

6. **Notice and Payment Address:** All written notices and Rent Checks shall be made payable to Investment Management Holding Company and mailed to 7201 East Marginal Way South., Seattle, WA 98108

7. **Late Charge:** Tenant acknowledges that the late payment of any monthly rent will cause the Landlord to incur expenses not contemplated under this Lease, including, but not limited to, administrative processing, accounting expenses and lost interest, the exact amount of which is extremely difficult to fix. Therefore, if the Monthly Rent is not received within five (5) days from the due date, Tenant will pay Landlord a late charge equal to (5%) of such installment or \$50 which ever is greater. If not paid within 30 days then interest will be due at the rate of 12% per month beginning with the date Rent was first due.

8. **Security Deposit:** As partial consideration for the execution of this Lease, the Tenant has paid to Landlord the sum of **\$5,250** Dollars, the receipt of which is hereby acknowledged. This shall be considered a security deposit and if Tenant leaves the premises at the end of this Lease, or any extension, in the same condition as Premises are in presently, except for reasonable wear and tear and, all keys are returned, then the Security Deposit will be refunded to Tenant. Any repairs and/or lock and key replacement needed to be made to the Premises as a result of Tenant's occupancy shall be deducted from the amount refunded to Tenant. The Landlord shall give to Tenant an itemized list of said repairs along with the balance refunded within two (2) weeks of Tenant's vacating the Premises.

9. **Repairs, Maintenance and Utilities:**

a. **Upkeep of Premises:** Tenant will, at all times, and at its own expense, keep the Premises in good condition and repair, neat, clean, safe, secure and free from debris and obstruction. This includes replacing any window and door glass that may become cracked or broken. Tenant will at all times preserve the Premises in at least as good repair as when occupancy commenced, except for reasonable fair wear and tear, and damage caused by fire or other unavoidable casualty. If the Tenant does not make repairs promptly and adequately, or fails to maintain the Premises in good repair then the Landlord may make repairs upon (15) days written notice to the Tenant, or in the event of an emergency immediately, and the Tenant shall pay upon demand the cost thereof as additional rent.

b. **Office Building Maintenance Responsibility:** All repairs to the outside walls, roof and foundation shall be at Landlord's expense. Maintenance of the grounds and garden shall be at Landlord's expense. All other maintenance (including repair and preventative maintenance) shall be at Tenant's expense as the NNN Charge. This shall include, but not limited to, electrical fixtures, heating and air conditioning, plumbing repairs, paint, and any and all maintenance and repair within the Premises walls, including doors and windows, except that the maintenance, certification and operation of the scale shall be at Tenant's expense.

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c. **Maintenance Contracts:** If the Premises are serviced by heating and air conditioning systems (such as a heat pump) then the Landlord may enter into regular-scheduled preventative maintenance and repair contracts for such equipment. The cost will be included in the Monthly Rent. Since the anniversary of the maintenance contracts may not coincide with the anniversary of the Lease, the cost may be adjusted at any time during the life of the Lease. The Landlord will provide written notice to the Tenant of any change in the cost.

d. **Payment of Office Utilities:** The utilities shall be paid as follows: phone and garbage by Tenant; heat, electricity, water, sewer and all other public utilities and assessments charged against the office Premise and shall be paid by Landlord and included as part of the NNN Monthly Charge.

e. **Payment of Yard and Warehouse Utilities:** The Tenant shall be responsible for Tenants portion of yard and warehouse utilities and paid directly by Tenant and not as part of the NNN charges..

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10. Risk and Indemnification by Tenant and Landlord: All personal property on the Premises shall be at the risk of Tenant. Landlord or Landlord's agent shall not be liable for any damage, either to person or property sustained by Tenant or others, resulting from any cause whatsoever or from any act of co-tenants or other occupants of the building, or any other person. Tenant agrees to defend, indemnify and hold harmless Landlord against and from any and all claims arising from Tenant's and Tenant's customers use of the Premises, conduct of its business, or in the event of Tenant's default, or for damages suffered or alleged to be suffered on the Premises by any person, firm or corporation when due to Tenant's business, actions or gross negligence. Landlord shall indemnify and defend Tenant from and against all loss, cost and expense caused by the intentional misconduct or negligence of Landlord, Landlord's affiliates, or the employees, contractors or agents of Landlord or Landlord's affiliates.

11. Care of Premises: The Landlord shall not be called upon to make any improvements or alterations of any kind in the Premises, or to make any repairs except those specifically assumed by the Landlord in this Lease. The Premises shall at all times be kept and used by the Tenant in accordance with all applicable ordinances, rules and regulations of the State, County, City, health officer, fire marshal, building inspector, or other proper public officers, at the sole expense of the Tenant.

12. Use: Tenant shall use the Premises for the purpose for which leased, and shall not commit or suffer to be committed any waste on the Premises. Landlord acknowledges that Tenant's intended use of the Premises is industrial in nature and generates noise and dust. The Tenant shall at all times operate within EPA standards. If the Tenant maintains any equipment or engage in any activity which shall increase the insurance rates in excess of those normally applicable to the Building in which Premises are located, the amount of the increase over the normal rate shall be paid by Tenant as additional rent.

13. Liens, Insolvency, and Encumbrances: Tenant shall keep the Property to include the Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. In the event Tenant becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of the Tenant, then the Landlord may cancel this lease at Landlord's option.

14. Assignment and Subletting: Tenant shall not, without the written consent of the Landlord, assign this Lease or any interest therein or sublet the Premises in whole or part. The consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. Landlord shall not unreasonably withhold consent to any proposed assignment or subletting.

15. Access: Tenant will allow Landlord or Landlord's agent free access at all reasonable times to said premises for the purpose of inspection or the performance of any services specifically required by this Lease to be performed by the Landlord.

16. Fire and Other Casualty: Landlord will maintain fire insurance covering the Building. In the event the Premises are damaged by fire but are still tenable, then the Landlord shall repair the damage. In the event the Premises or Building are destroyed or damaged by any cause or casualty including fire, to such an extent as to render the Premises untenable in whole or in part, then the Landlord shall have the option to terminate this Lease. Tenant may maintain additional insurance covering all personal property, furniture, and equipment within Tenant's Premises at Tenant's own expense. Tenant agrees to hold Landlord harmless for damage to said personal property, whether the cause of the damage is fire or any other cause or casualty, except for Landlord's gross negligence.

17. Signs: The Tenant shall be permitted to displaying the suite number and tenant's name on the primary entrance door to the suite. Tenant shall not display in the windows or other parts of the Premises, or upon any other interior or exterior part of the Building, any signs or symbols without the Landlord's written permission. All signs will be in keeping with the décor as set by the Landlord. Suite and directory signs will be at Tenant's expense. Landlord consents to Tenant installing signage on the Property to identify Tenant's location and direct trucks, as permitted by law.

18. Alterations: Tenant shall not make any alterations, additions, or improvements in Premises without the consent of the Landlord in writing, which shall not be unreasonably withheld. All alterations, additions, or improvements shall be at the expense of the Tenant.

19. Default and Re-entry: If any rents remain unpaid, when they become due, or if Tenant violates or defaults in any of the terms and conditions contained herein, then the Landlord may cancel this Lease upon giving the notice required by law, and re-entering the Premise. Notwithstanding such re-entry by the Landlord, the Tenant's liability for the rent shall remain for the balance of the term of this Lease. Tenant agrees to make good to the Landlord any deficiency arising from re-entering and re-renting the Premises. If the Premises are re-rented at a lesser rate than agreed to in this Lease, then the Tenant shall pay such deficiency each month. For any default other than payment of rent, the Landlord shall give the Tenant written notice of the default, and if not corrected within 30 days from the date of receipt of the notice, the Landlord shall have the right to cancel this Lease and proceed with remedies as provided by the laws of the State of Washington.

20. Costs, Attorney's Fees and Venue: If by reason of any default, action or failure by the Tenant, Landlord employs an attorney or other agency, to recover any rent due, to bring a law suit, or to enforce any terms of the Lease or obtain any relief against Tenant arising out of this Lease, and Landlord prevails in such action, then Tenant shall pay all such reasonable fees, to include attorneys fees, and all costs and expenses incurred by the Landlord in connection with such action. Jurisdiction and venue for any law suits shall be in Superior Court of King County, Washington.

21. Non-Waiver of Breach: The failure of the Landlord to insist upon strict performance of any term or condition of this Lease, or to exercise any option contained herein, shall not be construed to be a waiver of any prior or subsequent breach. The acceptance of Rent by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant regardless of Landlord's knowledge of any preceding breach. The Landlord shall have the right to reinstate or insist upon performance of any and all terms and conditions.

22. Lease Terminated by Death of Lessee: The tenant's demise and the subsequent termination of Tenant's practice/business shall terminate this lease. The sum deposited with the Landlord pursuant to the terms of Paragraph 6 shall thereupon become the property of the Landlord and the relationship established by the terms of this lease shall be terminated.

23. Quiet Enjoyment: Landlord agrees that Tenant shall peaceably and quietly have, hold, and enjoy the use of the Premises subject to the terms and conditions of this lease.

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24. Holdover:

a. With Consent: If Tenant holds over after the expiration of the Term of this Lease with consent of the Landlord, such tenancy shall be month-to-month terminable upon 30 days written notice given at any time by either party. This agreement will remain in full force. Additional terms and rental rate may be agreed upon.

b. Without Consent: If Tenant remain in possession of the Premises after the expiration of the Lease and Landlord has given notice to terminate, then Tenant shall pay the greater of: (1) 150% of the Rent immediately preceding the month in which the Lease expired, or (2) The total rent other tenants have agreed to pay for the Premises during the period of such holdover to include any financial damages the new tenant may sustain by being denied use of the Premises.

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25. Liability Insurance: During the term of the Lease the Tenant, at its sole cost and expense, shall maintain commercial general liability insurance. The policy will provide standard commercial general liability coverage in the minimum amount of \$1,000,000 per occurrence with \$2,000,000 General Aggregate against all claims for injury to or death of persons and loss or damage to property arising from Tenant's and Tenant's customers use, or disuse, occupancy or condition of the Premises and Building. Tenant shall furnish Landlord with a certificate of insurance as issued by the Tenant's insurance agent naming the Landlord as an additional insured.

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26. Transfer of Landlord's Interest: This Lease shall be assignable by Landlord to a purchaser of the Property without consent of Tenant. Landlord shall be automatically relieved of obligations and liabilities accruing from and after the transfer date.

27. Hazardous Material: Any Hazardous Materials brought on the Premises by Tenant must be necessary for Tenant's business, and will be Tenant's responsibility to use, store and dispose in a manner that complies with all laws, regulations and ordinances regulating such Material. Tenant will indemnify Landlord against all liability with respect to Tenant's use, storage and disposal of such Material. The provisions of this Section shall survive the termination of this Lease.

As used herein, "Hazardous Materials" shall mean: (i) "Hazardous Waste" as defined in the Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6901 et seq.), as amended from time to time, and the regulations promulgated thereunder; (ii) any "Hazardous Substance" as defined by the Comprehensive Environment Response Compensation and Liability Act of 1980 (42 U.S.C. 8601 et seq.) ("CERCLA"), as amended from time to time, and regulations promulgated thereunder; (iii) any material, waste, or substance which is designated as a "Hazardous Substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. 1251, or listed pursuant to Section 307 of the Clean Water Act; (iv) asbestos; (v) polychlorinated biphenyls; (vi) any substance the presence of which on the Premises is prohibited by any governmental entity; and (vii) any substance of which any governmental regulations require special handling or notification of any federal, state, or local governmental entity in its collection, storage, treatment, or disposal.

28. Attachments:

Exhibits A and B hereto are made a part of this Lease.

30. Tenant Improvements.

Landlord consents to Tenant making the following improvements to the Property at Tenant's sole cost and expense:

- a) Install interior and exterior lighting.
- b) Construct a roof over the 20 feet of concrete slab lying to the west of the open warehouse.
- c) Install fill and asphalt as necessary to adjust the grade, in particular in the area to the west of the open warehouse. Landlord agrees to provide any fill dirt required for such regrading without cost to Tenant.
- d) Install a roof with approximately 24 feet of vertical clearance to the east of the open warehouse.
- e) Install concrete ecoblocks or similar structures to create barriers and push walls as necessary for Tenant's operations.
- e) Obtain a permit as an Intermediate Solid Waste Handling Facility and perform any improvements required in connection with the permit.

The parties below execute this lease this day.

Landlord:

Ellis Garage, LLC

By: 
Signature

Managing Member 11-1-06
Title Date

Tenant:

CDL Recycle, LLC

By: 
Signature

Pres. or member 11/1/2006
Title Date

Property Manager:

Investment Management Holding Company

By: 
Signature

Manager 11-1-06
Title Date

NOTARY BLOCKS FOR LEASE

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me CHRIS MARTIN, to me known to be the PRESIDENT and a MANAGING MEMBER of CDL RECYCLE, LLC the limited liability company that executed the within and foregoing instrument, and acknowledged to me he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 1 day of November, 2006.

Bonnie J Abbott

(Print name of notary)
NOTARY PUBLIC in and for the State of
Washington, residing at Seattle WA
My commission expires 09-29-07

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me LEE NOBLE, to me known to be the Managing member of ELLIS GARAGE, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged to me he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 1 day of November, 2006.

Bonnie J Abbott

(Print name of notary)
NOTARY PUBLIC in and for the State of
Washington, residing at Seattle WA
My commission expires 09-29-07

EXHIBIT A

[Legal description]

LOTS 5 THROUGH 8 IN BLOCK 3 OF DUWAMISH INDUSTRIAL ADDITION TO THE CITY OF SEATTLE, AND LOTS 1 THROUGH 20 IN BLOCK 4 OF DUWAMISH INDUSTRIAL ADDITION TO THE CITY OF SEATTLE, AS PER PLAT RECORDED IN VOLUME 21 OF PLATS, PAGE 65, RECORDS OF KING COUNTY AUDITOR,

TOGETHER WITH VACATED ORCHARD STREET BETWEEN EAST MARGINAL WAY SOUTH AND 8TH AVENUE SOUTH, ALL IN SEATTLE, RECORDS OF KING COUNTY, WASHINGTON

SITUATE IN THE CITY OF SEATTLE, COUNTY OF KING, STATE OF WASHINGTON

Assessor's Property Tax Parcel/Account Number 213620-0075

Exhibit B
7201 E. Maryland Way Lease

